

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1781 – HB 1848

March 21, 2018

SUMMARY OF ORIGINAL BILL: Requires the Division of TennCare (Division) to notify the Chair of the Health and Welfare Committee of the Senate and the Chair of the Health committee of the House of Representatives prior to making any reduced payments on a pro rata basis from the Nursing Home Assessment Trust Fund.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (014588, 015706): Amendment 014588 deletes all language after the enacting clause. Extends the annual nursing home assessment for FY18-19.

Amendment 015706 updates the parties that are required to be consulted in the pertinent agreements.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Revenue - \$130,061,000/FY18-19/

Nursing Home Assessment Trust Fund

Increase State Expenditures - \$130,061,000/FY18-19/

Nursing Home Assessment Trust Fund

Increase Federal Expenditures - \$250,880,400/FY18-19/

Nursing Home Assessment Trust Fund

The Governor's FY18-19 proposed budget (Page A-36) and budget amendment include revenue recognition in the amount of \$130,061,000 and expenditures in the amount of \$380,941,400 in both state and federal funds as a result of the continuation of the nursing home assessment fee.

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Assumptions for the bill as amended:

- Based on information provided by the Division, the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund (NHATF) of \$130,061,000.
- Medicaid expenditures receive matching funds at a rate of 65.858 percent federal funds to 34.142 percent state funds.
- The \$130,061,000 will be expended at a state rate of approximately 34.142 percent and will receive federal matching funds at a rate estimated to be 65.858 percent. The resulting increase in federal funds will be approximately \$250,880,363 [$(\$130,061,000 / 34.142\%) \times 65.858\%$]. These funds will be placed in the NHATF instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total increase to the NHATF is approximately \$380,941,363 ($\$130,061,000 + \$250,880,363$)
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment fee payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home assessment, will be used by the Division for the sole purpose of providing payments to nursing homes and use of these funds for any other purpose is prohibited.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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